



### **Administrative Policies and Procedures: 3.29**

<b>Subject:</b>	<b>Disbursements</b>
<b>Authority:</b>	TCA 37-5-105, 37-5-106
<b>Standards:</b>	None
<b>Application:</b>	To All Department of Children's Services Finance and Program Support and Youth Development Center Employees

#### **Policy Statement:**

The Central Office Finance and Program Support Division and Youth Development Centers shall establish adequate controls and procedures for monitoring disbursements to vendors.

#### **Purpose:**

To ensure procedures are established for monitoring disbursements to vendors.

#### **Procedures:**

<b>A. Development of local procedures for YDC's</b>	The Superintendent and fiscal staff of each Youth Development Center (YDC) must formulate local procedures for monitoring disbursements to vendors.
<b>B. Exceptions</b>	Procedures for standard claims and foster care payments are included in separate procedures.
<b>C. General guidelines</b>	<ol style="list-style-type: none"><li><b>1. Receipt of invoices</b><ol style="list-style-type: none"><li>a) Date stamped,</li><li>b) Logged on invoice log, except statements and past due invoices.</li></ol></li><li><b>2. Payment process</b><ol style="list-style-type: none"><li>a) Verify receipt of all goods or services prior to payment.</li><li>b) All payments must be made according to provisions outlined in the contract or governing authority.</li><li>c) Detailed back-up documentation must be maintained.</li><li>d) All payments must be made from an original invoice.</li><li>e) Sales tax is not applied except to reimburse third-party vendors, e.g., travel claims.</li></ol></li></ol>

	<p>f) All invoices must have an approval signature before payments are made.</p> <p>g) Invoices more than sixty (60) days old must be thoroughly researched before payments are made.</p> <p><b>3. Monitoring payments</b></p> <p>a) <u>Batch Summary of Errors and Completed Batches</u> (AG05B828) should be reviewed each day for errors.</p> <p>b) <u>Edit Activity Error Report</u> (AG05361-02) should be reviewed at least weekly to correct STARS systems.</p> <p>c) Reconciliation of warrants processed with warrants requested should be made daily.</p>
<b>D. Specific guidelines</b>	<ol style="list-style-type: none"> <li>1. A vendor authorization and approval letter must accompany legal service invoices prior to payment.</li> <li>2. Utility bills must be paid immediately upon receipt of bill.</li> <li>3. Membership dues must not be paid for individuals.</li> <li>4. Invoices with grant numbers where federal funds from the Department of Education are involved must be submitted to the appropriate DCS accountant for audit and approval prior to payment.</li> </ol>
<b>E. Notification of overpayments</b>	<ol style="list-style-type: none"> <li>1. All overpayments must be documented on the refund request form and used in sequential order.</li> <li>2. Completed request forms must be submitted to the DCS fiscal payables director.</li> <li>3. Review of the request form must be done within five (5) working days of the request form date.</li> <li>4. The completed request forms must be logged on the refund request log. The request form must be submitted to the receivable director once it has been reviewed, initialed and logged.</li> <li>5. If the request form is for a current vendor, the payables director or accounting manager must give a copy of that request form to the appropriate payables section supervisor for processing of a deduction from that vendor's next payment.</li> <li>6. With the exception of insurance and payroll at the end of each fiscal year, accounts receivables will be established for all outstanding vendor overpayments.</li> <li>7. The refund log will be reviewed monthly to determine the type of refund made.</li> <li>8. After reviewing the log, an analysis shall be made to see if stronger controls can be implemented to prevent errors that were made to cause the refunds.</li> </ol>

	<ol style="list-style-type: none"><li>9. Returned warrants are reviewed and a memo is generated explaining why warrants were returned.</li><li>10. The Director of Finance and Program Support shall review the returned warrant memo. If warrants were returned because of a duplicate payment, the Director will review the circumstances and make recommendations to staff on ways to strengthen controls to prevent duplicate payments.</li></ol>
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<b>Forms:</b>	<i>None</i>
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<b>Collateral documents:</b>	<i>None</i>
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